

Approved September 9, 2014

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CITY OF ECORSE  
Receivership Transition Advisory Board Minutes  
Tuesday, August 12, 2014

9:00 a.m.

Ecorse City Hall  
Council Chambers  
Albert B. Buday Civic Center  
3869 West Jefferson  
Ecorse, MI 48229

Members Present

Edward Koryzno  
Robert Bovitz  
Joyce Parker

Staff Present

D. Van de Grift  
C. Wycoff  
L. D'Onofrio

**I. CALL TO ORDER**

A. Roll Call - Mr. Koryzno called the meeting to order at 9:00 a.m. Let the record show that all Board Members are present.

B. Approval of Agenda

Mr. Koryzno - I would propose that we make an addition to the agenda which would be a modification of Judge Ciungan's health care EM order. If the Board is so inclined I would make that item B under old business.

By motion made (Parker) and supported (Bovitz), the Board unanimously approved the agenda with the addition of Judge Ciungan's health care EM order modification.

C. Approval of Minutes - Approval of the July 8th, 2014 RTAB minutes.

Bovitz - Were the corrections already in our packets?

Van de Grift - There were some corrections that the Treasury Staff noted.

By motion made (Parker) and supported (Bovitz) the July 8th, 2014 RTAB minutes with the corrections identified by Treasury Staff.

**II. OLD BUSINESS**

A. TAB requested additional information.

1. 5-year Budget Status Report

Koryzno - Mr. Strand, will you please detail the current status of the revised five-year budget?

Strand - Yesterday I completed the cover memo

for the new five-year budget and that was submitted to the TAB Board via e-mail. It still has to go in front of the Mayor and Council. We will have<sup>+</sup> use some funds from the general funds balance. In 2013 the contributions were about \$1.2 million for retirement and projected to be in 2014 about \$1.9 million, in 2015 \$2.5 million. It's more money than anyone had anticipated. The budget also includes the transition of the Public Safety Departments. There would be six months of the status quo to look at the possible consolidation with the area municipalities. If that doesn't work in two-officer increments during the first fiscal year, they would be phased over completely to Public Safety. We also put back in the consolidation of dispatch and jail services. In our RTAB interview it was brought up as a possible savings so that's put back in beginning in the second fiscal year. We are redoing the contract with River Rouge and looks like a savings of about \$200,000 per year.

The Department of Public Works is looking to hire more part-timers and the equipment would be purchased rather than leased looking at a savings of about \$120,000. We're also looking at a ~~library~~ district library millage which would reduce the city's general fund contribution<sup>to</sup> about \$70,000 a year.

We've also found savings with a refunding bond for the 2002 Stabilization Refunding Bond. We're looking at \$3.5 million refunding which would save about \$20,000 per year, and about \$100,000 over five years. Then we have the general funds substance is still in there for street lighting. The five-year budget incorporates the state revolving fund project for the 15th Street Sanitary Sewer and the Quality Drive Storm Sewer. Some of the fees were adjusted. It's in a position for the Mayor and Council review.

Koryzno - Any questions from the Board?

Parker - You mentioned the refunding bond with a savings of \$20,000 per year. Is that a matter of retiring the bonds?

Strand - Bonds are being issued at a lower interest rate. As those bonds are received

they'll pay off the existing debt and then the savings will be through the lower interest rate but the bond duration is the same.

Parker - Did you consider the cost of reissuing new bonds?

Strand - Yes, that's included, that's net savings.

Parker - So the pensions increase as far as the contributions that are required by the City, there is a judgment specifically related to the pension plan. Was that factored into your analysis at all?

Strand - I made the assumption that that was a fixed millage, but if that millage can be increased --

Parker - I'm not sure but I think you need to take a look at that.

Bovitz - A couple of observations, in five years the total budget revenue is going to be dropping under \$10 million. The attorney is \$1 million, which is ten percent of the budget, and the retirement is over twenty percent of the budget. It seems like a third of the budget is for attorney and retirement.

Strand - The pension is at about 40 percent of funding. In the actuarial analysis that maybe they had to accelerate some of the contributions there. As far as the attorney costs about \$570,000 of that is for the liability insurance in that particular budget.

Parker - In reference to the library, short of looking at another millage related to the residents, have you considered a city library as opposed to continuing with the county?

Strand - The county has explained the city may have to go to a city library or another arrangement because other cities have opted out of that county system.

2. Approval of the RTAB Evaluation Criteria.

*Court Recorder omitted discussion by Board.  
No action taken*

3. Assistant City Clerk Position.

Koryzno - This matter was tabled last month. Mr. Van de Grift, has the City taken any further action to comply with our earlier requirement that the position be a non-union employee working no more than 24 hours a week?

Van de Grift - July 8th the City adopted a Resolution to restrict the position to the 24-hour non-union position which is in agreement with the previous Board. Everything is aligned ~~with~~ <sup>with</sup> the position and can move forward with the City Council and Board support.

4. Late Fees and Interest Report.

Koryzno - Last month the Board took the extraordinary measure of allowing draft City Council minutes to be approved for the sole purpose of accelerating the City's bill payment process. In exchange the City was required to submit a monthly report to the Board detailing all late fees and interest incurred from late bill payment. We have not received that report. Mr. Strand, would you please provide an explanation?

Strand - I apologize for not making progress on this item. I prioritized the 5-year budget and some other items and will prepare a memorandum after this meeting to begin work on that.

Koryzno - Any questions for Mr. Strand?

Parker - Is it possible to have the City Controller provide that as part of his monthly report to the City?

Strand - Sure.

Koryzno - The addition of Item B, the modification of Judge Ciungan's Health Care EM order.

Van de Grift - Previously the Board approved a City Council Resolution to adjust Judge Ciungan's health insurance. Because there is some uncertainty about how that Resolution and subsequent Board approval relates to an existing

EM order, the legal advisor for the Treasury has recommended that that EM order be amended to the extent that it may be unclear or conflict with the earlier Resolution.

Koryzno - Are you proposing to provide the Board with the specific language?

Van de Grift - Once there is a Resolution all EM order amendments require Treasurer approval so I think that sentence will be stricken from the order and it will be submitted to the Treasurer for his approval and then brought back to the Board for their approval.

### III. NEW BUSINESS

#### A. Approval of Resolutions and Ordinances for City Council Meetings.

1. Resolutions from Regular City Council meeting of June 24, 2014.

Koryzno - I would entertain a motion to approve the resolutions from the June 24th, 2014 City Council meeting with the exception of the Resolution 219.14, James Hill Contract, and Resolution 220.14 COBRA Health Insurance.

By motion made (Bovitz) and supported (Parker), the Board unanimously approved the Resolutions and Ordinances for City Council meetings.

2. Resolution 219.14 James Hill contract.

Koryzno - Mr. Van de Grift, please summarize this matter for the Board?

Van de Grift - Mr. James Hill was employed as a building official by the City of Ecorse. Previous City Administrator, Wayne O'Neil, terminated his employ. During the interim McKenna & Associates has been working part-time to furnish those needs for the City. I note here that while we do have a City Council Resolution to reinstate Mr. Hill, the EM order and structure give all the hiring decisions to the City Administrator. Contemplating the departure of Mr. Strand and the eminent hiring of Mr. Olsen, the Treasurer would recommend that this matter be

tabled until the new City Administrator could then properly review it and determine the hiring needs of the City.

Koryzno - I would like to entertain a motion.

Bovitz - I move to table Resolution 219.14.

Parker - Support.

Koryzno - It has been moved and supported to table approval of Resolution 219.14. Any further discussion?

By motion made (Koryzno) and supported (Bovitz and Parker), to table approval of Resolution 219.14.

3. Consideration of Resolution 220.14 COBRA Health Insurance.

Koryzno - Mr. Van de Grift, please summarize this matter for the Board.

Van de Grift - The City Administrator in his letter to the Board requested this as an agenda item. It appears to be a minor change but I draw it to the Board's attention because no contract was submitted in regards to the COBRA carrier and such a contract I assume was not reviewed by the City Attorney. The content appears to be simple enough but some of the formalities perhaps warrant scrutiny.

Strand - I did receive from Cassandra Booms approval to go ahead and process the application. The City needed to retain its COBRA Administration. It wasn't like a formal contract where they just filled out the contract and signed it. She had recommended to proceed with it.

Parker - It sounds like you're moving from one company to the other. Is there a fee for this, Mr. Strand?

Strand - They were the Agent of Record and they offered to us to provide it as a free service to the municipality. One of the reasons we did that was because they offered to provide COBRA administration services for free. It will save

the municipality about \$1,000.

Parker - Do they provide other services to the City as Agent of Record?

Strand - Not that I'm aware of.

Koryzno - Mr. Strand, so this group will solely provide the transition of employees to COBRA? Is that their only function?

Strand - Yes.

Bovitz - It sounds like the company is offering to do this with something in it for them but offering it for free but will try to sell other services to the employees.

Parker - He's indicated that they are the Agent of Record for the City --

Strand - Not basic but the Agent of Record for the Health HAP.

Parker - Generally you're considered the Agent of Record actually based on the premiums that the City pays for health insurance, and so they offering this service as the City's Agent of Record. What is this group providing besides Agent of Record?

Strand - As far as I know the Agent of Record is the facilitator with the City's health insurance and acts a party about claims and so forth.

Parker - I would like more information about this.

Bovitz - Move to table Resolution 220.14.  
Support (Parker).

Koryzno - It's been moved and supported to table Resolution 220.14.

By motion made (Koryzno) and supported (Bovitz and Parker),  
to table approval of Resolution 220.14.

2. Resolutions from Regular City Council meeting  
of July 8, 2014.

Koryzno - I would like to entertain a motion to approve the Resolutions from the July 8, 2014 City Council meeting with the exception of Resolution 233.14 Health Insurance carrier. Any discussion?

Parker - I have a question on the City Services Warranty Program?

Strand - The National League of Cities had submitted one of the their insurance programs if one of their sewer line breaks if the City would allow them to market their program then there would be a royalty provided. I was not enthusiastic about their coverage as I initially was after more research was done.

Bovitz - Question about Resolution 234.14 about the purchase of 3981 14th Street? It looks like it was moved and supported but then it says the above Resolution was withdrawn. Was the support or the motion withdrawn?

Strand - The City Attorney's office expressed some concern about advancing funds from the water/sewer fund either as a loan or an expenditure to require those properties so it was basically tabled.

Bovitz - Shouldn't it be shown that the motion was tabled? It doesn't look like it's been resolved.

Strand - Yes.

Bovitz - It looks like there was a closed session for 15 minutes when the meeting was reconvened that there were no resolutions offered during the full session, and then the next item was about the firing of the City Administrator. Wasn't that the reason for the full session?

Strand - I brought that up at the beginning of the meeting but they decided to hold off until the end of the meeting so we could conduct other business. The closed session was for the AFSCME negotiations and that's all that was discussed.

Koryzno - It's been moved and supported to approve Resolutions for the July 8, 2014 City

Council meeting with the exception of Resolution 233.14 Health Insurance Carrier.

By motion made (Bovitz) and supported (Parker), the Board unanimously approved the motion.

3. Resolution 233.14 Health Insurance Carrier.

Wycoff - I have learned from Mr. McCurley that there is a 5.7 percent increase.

Parker - Mr. Strand, when do you need a decision?

Strand - The renewal has to take place September 1st.

Koryzno - This Board made a request of the City last October. I am willing to consider a special meeting to approve this before the September 1st deadline but I'm very uncomfortable moving this forward without the City Attorney reviewing this.

Parker - I will be open to a special meeting to allow the City Attorney to review this before the RTAB takes action.

By motion made (Bovitz) and supported (Parker), the Board unanimously approved the motion to table Resolution 233.14.

3. Claims and Accounts from City Council meeting of July 22, 2014 Draft minutes.

Koryzno - I'll entertain a motion to approve Resolution 244.14

By motion made (Bovitz) and supported (Parker), the Board unanimously approved the motion.

- B. Letter from City Administrator dated August 1, 2014
  - 1. Approval of City Council minutes -- addressed in New Business.
  - 2. Approval of the HAP Renewal -- addressed in New Business.
  - 3. Approval of the 15th Sanitary Relief Sewer & Quality Drive Storm Sewer Bid.

Koryzno - Mr. Van de Grift, would you care to summarize this?

Van de Grift - There are other matters to secure the financing, however, there are not any resolutions yet within this review period for the actual contract. The original cost was \$600,000 but a bid came in for \$750,000. Financing has still not been secured. I believe that Standard and Poors is currently developing a credit assessment rating for that Water and Sewer Fund which will be servicing the debt of the issue. At this point there is no Resolution for it.

Koryzno - Any questions for Mr. Van de Grift?

Strand - The Resolutions pursuant to the memorandum which the Board actually approved tentatively awards the bid to C.I. Contracting, Inc. The State had recommended that the project be awarded tentatively in the amount of \$750,575, then if the bonds pull through then there would be assessment approvals to keep the funding in place. In order to keep the project going forward we would ask that the RTAB Board approve that.

McCurley - Tim McCurley, Controller for the City. I have a conference call to the State of Michigan tomorrow for due diligence tomorrow and the DEQ order of approval is August 26th and then the closing. If this is being tabled I'm not certain that the process stops then or whatever.

Parker - Have we approved the item already on a previous agenda?

Van de Grift - The Board has approved measures to secure financing, however, as the financing progresses there's conversation about the contracts with the award with the bid. We don't have a contract in front of us today.

Koryzno - Would you like <sup>to</sup> comment?

Wycoff - The understanding that I have that unless there is something done, financing for this project through the SRF Funding will be lost. Number 2, the contract with Hennessey was in fact submitted to my office and rejected. It was rejected with correspondence that

specifically outlined the things that were wrong with the contract with the understand that Mr. Hennessey would submit another document which was never done. There was one bid for this contract and it was substantially greater, about 25 percent greater, than was the actual estimate was. There are no contracts at this point for the engineering. I put together a contract that I think could suffice but I don't want to see the project killed if we can avoid it. I understand there is a possibility of a special meeting. Is it a possibility that we could get that on the special meeting?

Koryzno - Certainly.

Wycoff - There is also another matter that needs to be addressed before September 1st and that is our liability coverage. I would like to see that placed on the agenda as well.

4. Approval of Termination of the IAFF Fire Contract.

Wycoff - We had a situation with the Fire Department where it suffered a \$70,000 unanticipated increase in costs due to unapproved overtime. As a result of that we looked at the contract, a grievance had been filed, and we started looking at Public Act 436 and things like that. In order to address the issue and avoid the cost of arbitration, we decided to take action under 436 to terminate the contract and impose work rules that require the IAFF to get prior approval before any overtime. We had to do that before the Board meeting and still get in on this Board meeting so, therefore, it's a motion for ratification.

Koryzno - I'd like to entertain a motion.

By motion made (Bovitz) and supported (Parker), the Board unanimously approved Resolution 250.14 Termination of the IAFF contract.

5. Approval of Reinstatement of Building Official - addressed in New Business.
6. Approval of Grandison Lawsuit - addressed <sup>in</sup> ~~at~~ Item #7.

7. Resolution Approving settlement in Grandison v. City of Ecorse.

Koryzno - While this item falls outside of the normal review period, the City has expressed a need to address this item as soon as possible. Mr. Van de Grift, would you feel comfortable addressing this or should we ask Mr. Wycoff?

Van de Grift - My understanding is previously that the Grandison lawsuit was a matter that was put before the Board. The settlement authority that was granted was \$25,000. The amount negotiated was \$15,000.

Bovitz - It looks like if it's not approved then it goes to trial August 14th so we need to act on this.

Koryzno - I'll entertain a motion.

By motion made (Bovitz) and supported (Parker), the Board unanimously approved Resolution 255.14 Grandison v. City of Ecorse in the July 22nd, 2014 City Council Meeting.

8. Letter of Engagement to Standard and Poors for Confidential Credit Assessment. This item has been resolved and there is no Board action necessary.
9. Request from City Attorney to Appeal the City of Lincoln Park v. Ecorse.

Koryzno - Once again, this item falls outside of the normal review and the City has expressed a need to address this item as soon as possible. I'll ask Mr. Wycoff once again to approach the podium?

Wycoff - The City of Lincoln Park is suing the City of Ecorse for flooding. The flooding caused a backup in the sewer lines. The City of Lincoln Park believed that the flooding was actually caused by the flooding that took place in the City of Ecorse. After that we filed a Motion for Summary Disposition. The Motion for Summary of Disposition was based on governmental immunity and additional causes for the flooding. Judge Stempien granted the Motion for Summary of Disposition.

Judge Stempien retired and another judge was assigned to the case and reversed Judge Stempien's decision. The case must now be expedited due to a time limit for an appeal, and if no appeal is made the other judge's decision stands. It is strongly recommended that we move forward with the appeal.

Koryzno - I will entertain a motion.

Bovitz - At the July 22nd meeting 255.14 was the Grandison issue. I'm looking through the minutes from July 22nd and I don't see where the City Council addressed it.

Wycoff - I was informed by Laura that this was actually decided at the August meeting and that's why it's expedited. It has not been assigned a Resolution number.

Koryzno - There will be a motion to approve the appeal of the City of Lincoln v. City of Ecorse from the August 6th, 2014 City Council meeting and a Resolution number to be assigned.

By motion made (Koryzno) and supported (Bovitz and Parker), the motion to Approve the Appeal of the City Lincoln Park v. City of Ecorse was unanimously approved by the Board.

10. Approval of Hennessey Engineering Construction Services for 15th Sanitary Relief Sewer and Quality Drive Storm Sewer.

Koryzno - This matter is outside the review period and will be properly reviewed at a September Board Meeting or a Special Meeting as necessary.

Strand - We have a conference call on August 13th with the State and a variety of people with issuance of this project. Mr. Wycoff is drafting a contract that he can allow for Hennessey Engineering to proceed with it. I am asking the RTAB Board to authorize it contingent upon the City Attorney's approval of the contract. MDEQ stated the contract had to be signed by the City also for them to recognize those costs.

Koryzno - The deadline for the contract to be signed is when, Mr. Strand?

Strand - She said it should have been signed probably two weeks ago but she didn't give me a definite date. The other option is I could ask them to withdraw the expenses from the total cost because the bonds are not going to cover all the revenue anyway.

Koryzno - The problem I see that you have here is you have a longstanding engineering permit that the City has dealt with or that the City Attorney has said is unacceptable and has come back today and proposed modifications to the contract. The engineering firm as I understand it to Mr. Wycoff's explanation is that they had not responded yet. So now we're faced with a situation where the City's engineering firm for whatever reason has not disclosed to you the content of the contract so this project can be implemented. I am uncomfortable, speaking personally, approving any contract without any bidding.

Wycoff - I'm sorry if I've left with you with the impression that I had direct contact with Hennessey and Company. My contact has all been through the City Administrator. I have already drafted the document and I'll be happy to share that with Mr. Strand right here.

Koryzno - So the proposal is for the Board to approve this contract?

Wycoff - No. This contract is not ready to be signed. Hennessey hasn't even seen it.

Parker - One other question. You had raised a comment that perhaps one of the options would be to not include the contract at this point with the state's funding because we could do it outside of the state's funding? I wasn't clear on what you meant but I assume you meant this was something that could be covered separately and could include the state revolving loan fund?

Strand - I did mention it to Karen. She didn't say that she could do that. The bonds are not to exceed \$750,000. So as another alternative we could just have that piece of the work pulled out of the bond project if they would allow, and then

it would be self-funded by the City as an alternative.

Koryzno - How does that resolve the contract issue?

Strand - Then the contract would be reviewed by the engineers and if they would sign it then the City would sign it because the Council has already approved the engineering part of it.

Parker - Is that another expense for the City to do that? If the \$750,000 was supposed to cover all expenses, would that then require the City to allocate other funds out of the water/sewer funds for this contract?

Strand - Right. As far as it was acknowledged by the Mayor and Council and they approved that. They understood that the project was exceeding the cost of the \$750,000.

Koryzno - Would Mr. McCurley approach the podium?

McCurley - What I think Ms. Parker is asking about is if we don't pay for it out of the bonds proceeds -- right now the contract has not reached the Transition Advisor Board yet, the entire project will exceed \$750,000. Based on all the current estimates, you're looking at spending roughly \$135,000 to \$140,000 out of water and sewer fund balance beyond the \$750,000.

Koryzno - The original estimate was \$600,000?

McCurley - The construction part was \$600,000.

Koryzno - So this is engineering and construction?

McCurley - So now we're looking at close to \$850,000 for the project.

Parker - So why didn't the City just look at the revolving loan fund with the total project cost?

McCurley - When the whole process started the engineer's estimate was so much lower so the City thought it was only going to need \$750,000 so that's what they applied for as far as the SRF

loans. I'm sure if they knew that the construction was going to be more they would have asked for it but they found out later in the process that the construction bid was higher.

Parker - So the State will not consider increasing the amount?

McCurley - You will have to go back and start the whole process over.

Koryzno - So in the matter of the construction contract we will wait and see what Mr. Wycoff is able to negotiate.

11. Approval of Election Matters. This matter also falls outside of the normal review period. The City has expressed an urgent need to have the hiring of these election workers approved.

Bovitz - I would be concerned about hiring and payroll. It appears that they are contracted workers and they won't be receiving a W-2. They could be called independent contractors.

Koryzno - Ms. Parker has moved to approve.

Bovitz - Support.

By motion made (Parker) and supported (Bovitz), the Board unanimously approved the motion to pay the election workers.

12. Approval of City Manager Chris Olsen.

Koryzno - Because it is vital the City have a new City Administrator, the Board will address the Resolution from the August 7th, 2014 Special City Council Meeting which resolved the conditional hiring of Chris Olsen as City Administrator. I will entertain a motion.

Wycoff - There is a special meeting of the City Council this evening and I believe a reconsideration of that recommendation is going to be entertained due to some investigation into Mr. Olsen's background. The Mayor Pro Tem is here.

Koryzno - The motion and support have been

withdrawn.

13. Post Submission Requests.

Koryzno - Despite the Board's directive to the contrary several requests were submitted only days before this Board meeting. Therefore, unless these matter are vital to the delivery of services we will address them at the September Board meeting and future meetings as well.

**IV. PUBLIC COMMENT**

Nathaniel Elem, Council Member - Wanted to know if the Sanitary Relief Sewer and Quality Drive Storm bid was approved? Also, as far as the election workers he wanted to know if the election workers could be paid in advance and not wait for their money. He also stated he didn't know if Judge Ciungan's health care was approved.

Dana Hughes, City Clerk - Wanted to thank the Board for approving the payment for the election workers, and if there is anything she can do to help let her know.

John Miller, Mayor Pro Tem - Stated he had a couple of concerns about the late fees because they're paying out a lot money for that. Also stated he had a couple of issues with the five-year budget plan. Also stated they did a Resolution to pass Mr. Hill's contract. He didn't know if Mr. Strand got the information to Mr. Wycoff late or did he get the contract or if they going under the original contract that Ms. Parker had. He wanted to know why it was tabled.

**V. BOARD COMMENT**

Koryzno - In response to Council Member Elem's question about the Sanitary Sewer Board, the Board didn't take any action on that. The process will continue to proceed. There will be a special meeting called between now and September 1st or whenever the deadlines are as it relates to the next deadline and approval of the RTAB. There was no action taken by the City Council as it relates to this project so there is no approval required by the Board.

As far as the election workers, the Board does not have the power to approve pre-authorized payments. The Board will make every attempt to

have the workers paid on a timely basis. Lastly, the health care was tabled again because the health care contract was not approved by the City or reviewed and approved by the City Attorney.

Then as far as the question of Mr. Hill's contract, again, that was not reviewed by the City Attorney and so that was tabled.

Strand - The contract that was approved by the City Attorney was submitted but the Council approved one that was different.

Bovitz - If there was a reason that it would be tabled would be because of the City Manager not being in place. It was the new City Administrator --

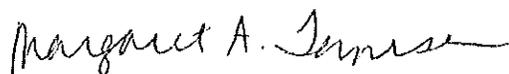
Mr. Koryzno - A new City Administrator will be coming on board. It will be the City Administrator's authority to hire that individual under the EM order.

Parker - In reference to the comment related to the Sewer Relief project, I'm assuming that the Mayor and Council should meet to approve that contract or deny the contract or not approve it in order for the TAB to take action.

Koryzno - It's very important to understand that the Board only approves actions approved by City Council. What Ms. Parker is saying is that if the City is able to come to a Resolution with Hennessey, the City Council needs to approve that contract so that we in turn can approve City Council's approval.

#### IV. ADJOURNMENT

There being no further business the meeting adjourned at 10:30 a.m.



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Margaret A. Tamsen